

## Message Text

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DRAFTED BY L/M:LHUMMER

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FM SECSTATE WASHDC

TO AMEMBASSY BONN

AMEMBASSY MADRID

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E.O. 11652: N/A

TAGS: PFOR, GW, UK, SP, CPRS

SUBJECT: EXTRADITION: OREST EVASIUK AKA OSSIE EVASON

REF: BONN 13679

1. EVASIUK WAS INDICTED WITH OTHERS BY THE COUNTY OF LOS ANGELES ON DECEMBER 12, 1974 WITH THE CRIMES OF VIOLATION OF SECTION 29100 OF THE CORPORATION CODE OF CALIFORNIA (KEEPING A BUCKET SHOP) 6 COUNTS, ALL FELONIES, AND GRAND THEFT, 6 COUNTS, ALL FELONIES, IN VIOLATION OF SECTION 487 OF THE PENAL CODE OF CALIFORNIA, COMMITTED IN THE COUNTY OF LOS ANGELES ON OR ABOUT MAY 8, 1973 TO ON OR ABOUT APRIL 30, 1974.

2. A WARRANT FOR HIS ARREST WAS ISSUED ON DECEMBER 12, 1974 ON THE BASIS OF THE INDICTMENT.

3. THE OFFENSES ALLEGED IN THE INDICTMENT ARE BASED ON THE FOLLOWING FACTS WHICH ARE CONTAINED IN AFFIDAVITS IN THE EXTRADITION DOCUMENTS:

A. COUNT 1 - KEEPING A BUCKET SHOP: THIS COURT  
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ALLEGES THAT THE DEFENDANTS OPERATED A BUCKET SHOP

(PACIFIC COMMODITY EXCHANGE LTD.) DEFINED AS A  
PLACE WHERE COMMODITY OPTION CONTRACTS WERE MADE

AND ISSUED, FOR A CONSIDERATION PAID BY THE PUBLIC WHEREIN THE DEFENDANTS AGREED TO SELL AND DELIVER COMMODITIES AND COMMODITY FUTURES CONTRACTS WITHOUT ANY INTENTION TO DELIVER THE COMMODITIES OR FUTURES CONTRACTS, AND WITH INTENTION TO SETTLE THE CONTRACTS, IF AT ALL, BASED UPON THE DIFFERENCES IN THE PUBLIC MARKET QUOTATIONS OF PRICES AT WHICH COMMODITIES AND FUTURES CONTRACTS ARE BOUGHT AND SOLD. ORDERS WERE TAKEN FOR OPTIONS FOR FUTURES CONTRACTS IN HONG KONG BY THE DEFENDANTS AND TRANSMITTED TO THEIR OFFICE IN CALIFORNIA. NO FURTHER ACTION WAS TAKEN BY ANY OF THE DEFENDANTS BY WAY OF "HEDGING" OPTIONS OR OTHERWISE MAKING IT POSSIBLE FOR ANY OF THEM TO DELIVER FUTURES CONTRACTS UPON EXERCISE OF ANY OF THE OPTIONS.

B. COUNTS 2, 4, 6, 8 AND 10 - GRAND THEFT:

DEFENDANTS MADE AND ENTERED INTO 5 COMMODITY OPTION CONTRACTS WITH ONE QUINCY CHUANG, FOR PREMIUMS TOTALING \$383,000. BEFORE CHUANG ENTERED INTO ANY OF THE CONTRACTS DEFENDANTS FALSELY AND FRAUDULENTLY MADE THE FOLLOWING REPRESENTATIONS: (1) THAT THE OPTIONS SOLD AND ISSUED WERE FULLY BACKED OR "HEDGED" BY THEIR COMPANY; (2) THAT ANY PROFIT TO INVESTORS WOULD COME OUT OF THE COMMODITY FUTURES MARKETS IN THE U.S. AND DID NOT DEPEND ON THE FINANCIAL CONDITION OF PACIFIC COMMODITY EXCHANGE LTD., AND (3) THAT ANY PROFIT TO INVESTORS RESULTING FROM THEIR EXERCISE OF OPTIONS WOULD BE PAID TO THE INVESTORS BY THE COMPANY UPON EXERCISE OF THE OPTIONS.

C. THE REPRESENTATIONS WERE FALSE AND FRAUDULENT IN THAT: (1) DEFENDANTS TOOK NO ACTIONS TO HEDGE OR COVER ANY OF THE OPTIONS; (2) PROFITS TO

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EARLY INVESTORS WHO EXERCISED THEIR OPTIONS WERE PAID OUT OF FUNDS INVESTED BY LATER INVESTORS, IF THEY WERE PAID AT ALL; AND (3) CHUANG WAS TOLD HE COULD NOT EXERCISE OPTIONS OR THAT HE COULD NOT BE PAID FOR A MINIMUM OF 10 DAYS -- FOLLOWING THE EXERCISE OF THE OPTION.

D. COUNTS 3, 5, 7, 9 AND 11 - BUCKETING: THESE

- COUNTS CHARGE THE DEFENDANTS WITH TAKING ORDERS

FOR OPTION CONTRACTS, AND PREPARING CONFIRMATION OF THE ORDERS. THE MAKING OF EACH OPTION

CONTRACT WITH CHUANG IS ASSERTED AS A SEPARATE  
COUNT.

E. COUNT 12- GRAND THEFT, EMBEZZLEMENT: IN MARCH  
1974 DEFENDANTS REMOVED ALL OF THE MONEY ON  
DEPOSIT IN THE PACIFIC COMMODITY EXCHANGE ACCOUNT  
WITH THE BANK OF AMERICA, A SUM IN EXCESS OF  
\$796,000, AND SYSTEMATICALLY TRANSFERRED THE  
MONEY, THROUGH SEVERAL BANKS IN LOS ANGELES, TO  
A BANK IN CHICAGO AND FROM THERE TO CREDIT SWISS  
BANK IN SWITZERLAND INTO A SECRET ACCOUNT.  
INGERSOLL

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<< END OF DOCUMENT >>

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